

ADMINISTRATION AND FINANCE COMMITTEE

DATE: August 23, 2005

CALLED TO ORDER: 5:08 p.m.

ADJOURNED: 8:05 p.m.

ATTENDANCE

Attending Members

Joanne Sanders, Chair
Vernon Brown
Lance Langsford
Lynn McWhirter
Mary Moriarty Adams
Jackie Nytes
Lincoln Plowman

Absent Members

AGENDA

PROPOSAL NO. 268, 2005 - approves a transfer of \$93,496 in the 2005 Budget of the Marion County Auditor, Marion County Clerk, Voters Registration, Marion County Treasurer, Prosecutor, Marion County Sheriff, Community Corrections, Circuit Court, Marion County Justice Agency, Marion Superior Court, and Guardian Home to bring Marion County employees up to minimum salary grade
“Tabled”

Vote: 7-0

PROPOSAL NO. 269, 2005 - approves a transfer of \$926,000 in the 2005 Budget of the Marion County Auditor, Marion County Clerk, Election Board, Voters Registration, Marion County Treasurer, County Assessor, Center Township Assessor, Franklin Township Assessor, Warren Township Assessor, Prosecutor/Child Support Division, Marion County Sheriff, Community Corrections, and Guardian Home to reallocate fringe benefit appropriations from the Auditor's office to various departments
“Do Pass as Amended”

Vote: 7-0

PROPOSAL NO. 393, 2005 - approves the expansion of the Professional Sports Development Area (PSDA)

“Do Pass”

Vote: 7-0

PROPOSAL NO. 394, 2005 - approves financing for infrastructure for the Brokenburr Redevelopment Project, to be repaid with housing tax increment financing (TIF) proceeds

“Do Pass”

Vote: 7-0

PROPOSAL NO. 395, 2005 - approves a public purpose grant to Indiana University in the amount of \$41,050 for the purpose of financing educational access programming on the educational access channels of the franchised cable systems in Marion County

“Do Pass”

Vote: 7-0

PROPOSAL NO. 396, 2005 - approves a public purpose grant to Indiana Reading and Information Service (IRIS), a division of Metropolitan Indianapolis Public Broadcasting, Inc., in the amount of \$35,000 for the purpose of providing radio reading programs for the blind and print-disabled in Marion County

“Do Pass as Amended”

Vote: 7-0

PROPOSAL NO. 432, 2005 - approves the appropriation of the proceeds of the "City of Indianapolis, Indiana, Limited Recourse County Option Income Tax Revenue Anticipation Notes" in an amount not to exceed Sixteen Million Dollars (\$16,000,000)

“Do Pass as Amended”

Vote: 6-0

PROPOSAL NO. 433, 2005 - approves the issuance of "City of Indianapolis, Indiana, Limited Recourse County Option Income Tax Revenue Anticipation Notes" in an original aggregate principal amount not to exceed in an amount not to exceed Fifteen Million Dollars (\$15,000,000)

“Do Pass as Amended”

Vote: 6-0

BUDGET HEARING

Office of County Auditor
-Soil & Water Conservation District
County Administrator and County Commissioners
County Treasurer
Election Board
Voters Registration
County Recorder
County Surveyor

ADMINISTRATION AND FINANCE COMMITTEE

The Administration and Finance Committee of the City-County Council met on Tuesday, August 23, 2005. Chair Joanne Sanders called the meeting to order at 5:05 p.m. with the following members present: Vernon Brown, Lance Langsford, Lynn McWhirter, Mary Moriarty Adams, Jackie Nytes, and Lincoln Plowman.

Chair Sanders asked for consent to move Proposal Nos. 395 and 396, 2005 after Proposal No. 269, 2005. Consent was given.

PROPOSAL NO. 268, 2005 - approves a transfer of \$93,496 in the 2005 Budget of the Marion County Auditor, Marion County Clerk, Voters Registration, Marion County Treasurer, Prosecutor, Marion County Sheriff, Community Corrections, Circuit Court, Marion County Justice Agency, Marion Superior Court, and Guardian Home to bring Marion County employees up to minimum salary grade

Chair Sanders asked for a motion to table Proposal No. 268, 2005. Councillor Plowman asked how long this proposal will be tabled before action is taken to increase County employees' salaries. Chair Sanders said Collin Kebo, Human Resource Administrator, has committed to do a study on the various salary levels as they currently exist between City and County employees. She said it is beneficial to receive the results from this study before the Council moves forward with any action. Councillor Nytes added that Mr. Kebo has agreed to use the information from the Council salary grade study in his work to bring all City and County employees (non-union) into a single salary schedule. She said she is confident that a proposal will be developed for next year that has all City and County employees (non-union) in a single salary schedule. Councillor Plowman asked when Mr. Kebo's study will be completed. Councillor Nytes said the expectation is to implement the single salary schedule in 2006.

Councillor McWhirter stated that this issue should be a top priority for this committee, to enable City and County employees to receive the salary increases they deserve.

Councillor Nytes moved, seconded by Councillor Moriarty Adams, to "Table" Proposal No. 268, 2005. The motion carried by a vote of 7-0.

PROPOSAL NO. 269, 2005 - approves a transfer of \$926,000 in the 2005 Budget of the Marion County Auditor, Marion County Clerk, Election Board, Voters Registration, Marion County Treasurer, County Assessor, Center Township Assessor, Franklin Township Assessor, Warren Township Assessor, Prosecutor/Child Support Division, Marion County Sheriff, Community Corrections, and Guardian Home to reallocate fringe benefit appropriations from the Auditor's office to various departments

Councillor Moriarty Adams distributed an amendment to Proposal No. 269, 2005 (Exhibit A, attached). She said this amendment will transfer funds to County agencies to fund increases in their health insurance. The source of the funding is money the Council put in the Auditor's fringes line last year during the budget process.

Bob Clifford, City Controller, said the amendment to Proposal No. 269, 2005 is slightly different than the original. He said they made sure that all the agencies had the appropriate amount of money in their budget for health care benefits. He said four agencies are receiving an additional appropriation to cover some shortfalls currently experienced in the 2005 budget.

Councillor McWhirter asked what the additional appropriations are for these four agencies. Mr. Clifford said the additional appropriations are for the Public Defender to hire lawyers for death penalty cases; for Cooperative Extension to cover rent expenses; for Marion County Superior Courts for a variety of reasons; and for the Marion County Sheriff to address shortfalls in Character 03. Councillor McWhirter asked if all agencies have been informed about the reductions. Mr. Clifford replied in the negative and said all appropriations for fringes or health care benefits in Character 01 cannot be used for anything but fringes.

Councillor Moriarty Adams moved, seconded by Councillor Nytes, to "Amend" Proposal No. 269, 2005 per Exhibit A. The motion carried by a vote of 7-0.

Councillor Moriarty Adams moved, seconded by Councillor Nytes, to send Proposal No. 269, 2005 to the full Council with a "Do Pass as Amended" recommendation. The motion carried by a vote of 7-0.

PROPOSAL NO. 395, 2005 - approves a public purpose grant to Indiana University in the amount of \$41,050 for the purpose of financing educational access programming on the educational access channels of the franchised cable systems in Marion County

Rick Maultra, Director of Government Channel 16, said this amount is coming out of their Character 03 and is usually \$50,000. Due to the budget crisis, the amount has been reduced to \$41,050. He said this is operational money for the educational access community to provide educational access programming.

Councillor Moriarty Adams moved, seconded by Councillor Nytes, to send Proposal No. 395, 2005 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 7-0.

PROPOSAL NO. 396, 2005 - approves a public purpose grant to Indiana Reading and Information Service (IRIS), a division of Metropolitan Indianapolis Public Broadcasting, Inc., in the amount of \$35,000 for the purpose of providing radio reading programs for the blind and print-disabled in Marion County

Mr. Maultra said the actual amount in this proposal should be \$20,000 instead of \$35,000. He said after consultation with the Controller's Office, this is the agreed amount to give to IRIS.

Councillor Nytes moved, seconded by Councillor Moriarty Adams, to "Amend" Proposal No. 396, 2005 with the technical change of \$20,000 in place of \$35,000. The motion carried by a vote of 7-0.

Councillor Langsford moved, seconded by Councillor Moriarty Adams, to send Proposal No. 396, 2005 to the full Council with a "Do Pass as Amended" recommendation. The motion carried by a vote of 7-0.

PROPOSAL NO. 393, 2005 - approves the expansion of the Professional Sports Development Area (PSDA)

Barbara Lawrence, Executive Director for the Bond Bank, gave a presentation on Proposal No. 393, 2005 (Exhibit B, on file in the Council office). She said the Council has to approve the actions taken by the Metropolitan Development Commission (MDC) with a declaratory and confirmatory resolution. She said the new facility tax area is bound by Louisiana Street, McCarty Street, Capitol Avenue, and Missouri Street.

Councillor Sanders asked what the previous boundaries were. Ms. Lawrence said the new facility area is being added to the already existing area including the RCA Dome, Convention Center, Victory Field, Market Square Arena, the Indianapolis Colts' training facility and Conseco Fieldhouse.

Councillor McWhirter asked what kind of tax revenue is received to date and what the projected total tax revenue will be. Chris Ruhl, Deputy Director of the Indiana Office of Management and Budget, said the current cap of state contributions are from state income, state sales tax, local option income tax, and local food and beverage tax. He said to date the entire amount PSDA collected is \$8.6 million. Deducting the \$5 million that is pledged to Conseco Fieldhouse, the remaining amount is \$3.6 million. He said this amount does not go into effect until July 1, 2007. He said \$4 million is anticipated in the initial years toward the project, and when the original pledge for Conseco Fieldhouse bonds are paid off, the \$5 million will return to the PSDA budget.

Councillor Nytes stated that some entities have the privilege of using a variety of ways other than property taxes to pay for projects. She reminded the Committee that the Indianapolis Public Library and Transportation Corporation do not have this advantage and have to rely on property taxes. She suggested that the same support be given to the Public Library and Transportation Corporation that is given to other entities.

Councillor Plowman asked where the money generated in the proposed area currently goes. Ms. Lawrence said this parcel of land is owned by the Capital Improvement Board (CIB) and will go to the normal sources owned by the CIB.

Councillor Mahern stated that a lot of work has been done in the planning of this project, and he encouraged his colleagues to support the proposal.

Councillor Nytes moved, seconded by Councillor Langsford, to send Proposal No. 393, 2005 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 7-0.

PROPOSAL NO. 394, 2005 - approves financing for infrastructure for the Brokenburr Redevelopment Project, to be repaid with housing tax increment financing (TIF) proceeds

Maury Plambeck, Director of the Department of Metropolitan Development (DMD), gave an overview of the project and said the Brokenburr site is on Raymond Street and has been public housing for many years. He said the 217-unit building has been used as demolished, and several grants have been received from the federal government to redevelop this site. He said the redeveloped project will have 217 units with apartments, single-family residential, commercial residential and recreational facilities on site. He said this proposal is for infrastructure improvements for phase two. Phase two is 125 units, all multi-family, and includes a community center, office, and a park.

Katherine Aeschliman, Project Manager for the Bond Bank, said this proposal approves the issuance of the \$2.5 million bond anticipation note to finance the City's covenant of the \$2.5 million for infrastructure work for phase two. She said the bond will be held by Regions Bank at a fixed interest rate of 3.85% and the project was in the Barrington housing TIF. The revenues in that TIF will be used to pay back the debt.

Councillor Mahern stated that the Barrington housing that was torn down was in disrepair. He said this is forward thinking of the City to use this site for multiple uses and he is in support of the proposal.

Councillor Langsford moved, seconded by Councillor Moriarty Adams to send Proposal No. 394, 2005 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 7-0.

[Clerk's note: Councillor McWhirter left at 5:48 p.m.]

PROPOSAL NO. 432, 2005 - approves the appropriation of the proceeds of the "City of Indianapolis, Indiana, Limited Recourse County Option Income Tax (COIT) Revenue Anticipation Notes" in an amount not to exceed Sixteen Million Dollars (\$16,000,000)

Councillor Nytes distributed an amendment to Proposal No. 432, 2005 that reduces the amount of appropriation from \$16 million to \$9.5 million.

Ms. Lawrence discussed a presentation on Proposal Nos. 432 and 433, 2005 (Exhibit C, on file in the Council office). The key points are as follows:

- Proposal No. 432, 2005 appropriates and Proposal No. 433, 2005 authorizes the COIT Revenue Anticipation Notes.
- Proposal No. 432, 2005 will be amended down to \$9.5 million and Proposal No. 433, 2004 will be amended down to \$9 million.
- Notes will be utilized to fully fund the tier one components of the Criminal Justice Planning Council and meet a shortfall in the County's budget.

Ms. Lawrence said the reasoning behind the proposals was due to the Controller's Office finding it problematic to raise the COIT to fund essential public safety and in return cut the budgets of those same entities.

- The bond bank is looking into several options with the structure of the program to minimize interest and issuance costs, while maximizing interest earnings on the proceeds.
- The bond bank will issue the two-year notes in early 2006 to provide either lump sum or draw proceeds to meet program needs.

[Clerk's note: Ms. Lawrence distributed a sample structure of the COIT Anticipation Notes (Exhibit D, on file in the Council office)].

Councillor Langsford asked what will be phase two. Ms. Lawrence said it will be the additional 0.1% that will go into effect July 1, 2006. Councillor Langsford asked what the total increase on the COIT rate will be. Ms. Lawrence said the rate will increase to 0.9% in 2006.

Ms. Lawrence said the sample structure (Exhibit D) presumes that at an AA bond rating for issuance of notes to the bond bank will issue a par amount of bonds of \$8.885 million. She said the use of those funds will cover the underwriting expense; cost of issuance; and will provide \$8.75 million in actual proceeds. She said the assumed rate of the issuance of bonds would be 3.2% with a rate of 3% for the earnings. The generated money will be \$157,000 in revenue and interest earnings and will be used to offset the debt service.

Councillor Brown stated that revenue generated by the increase in COIT is not going to public safety but to the criminal justice system. Mr. Clifford replied in the affirmative and said the increased amount will go to the County and does include the Sheriff's Department.

Councillor Moriarty Adams stated that she considers jail overcrowding a public safety issue, and the raise in COIT will be beneficial to this issue.

Councillor Langsford asked Bart Brown, Chief Financial Officer for the Council, for his perspective on borrowing against COIT. Mr. Brown said he characterizes the borrowing against COIT as a safety net rather than a tax anticipation loan. He said the difference is that a tax anticipation loan is only for the current year and has to be paid back within that year. Borrowing against the COIT is to fund a budget with future revenues. He suggested approving these proposals now, and if the situation changes in a positive direction, the Council has the ability to intervene.

Councillor Nytes moved, seconded by Councillor Brown, to "Amend" Proposal No. 432, 2005 to \$9.5 million. The motion carried by a vote 6-0.

Councillor Nytes asked if a public hearing is needed since the proposal is an appropriation. Jeff Qualkinbush, attorney for the bond bank transaction, said the bond bank will loan the money to the City, and in return, the City will spend the money out of their funds. He said the money has to be appropriated at the City level, and the bond bank is not involved in the appropriation process. Ms. Lawrence said they advertised that this proposal would be part of the public hearing at the Council meeting August 29, 2005. Councillor Nytes asked if both Proposal Nos. 432 and 433, 2005 are needed. If Proposal No. 433, 2005 is to approve the issuance of the notes is a resolution on the appropriation of the proceeds also needed? Ms. Lawrence said both proposals are needed to appropriate the full amount, including interest earnings.

Councillor Moriarty Adams moved, seconded by Councillor Nytes, to send Proposal No. 432, 2005 to the full Council with a "Do Pass as Amended" recommendation. The motion carried by a vote of 6-0.

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PROPOSAL NO. 433, 2005 -approves the issuance of "City of Indianapolis, Indiana, Limited Recourse County Option Income Tax Revenue Anticipation Notes" in an original aggregate principal amount not to exceed in an amount not to exceed Fifteen Million Dollars (\$15,000,000)

Ms. Lawrence said this proposal reflects the previous presentation and discussion (Exhibit C). She asked that the proposal be amended to reflect the lower amount discussed and distributed.

Councillor Moriarty Adams moved, seconded by Councillor Nytes, to “Amend” Proposal No. 433, 2005 to reflect \$9 million instead of \$15 million. The motion carried by a vote of 6-0.

Councillor Moriarty Adams moved, seconded by Councillor Nytes, to send Proposal No. 433, 2005 to the full Council with a “Do Pass as Amended” recommendation. The motion carried by a vote of 6-0.

[Clerk’s note: Minutes from the budget hearing presentations will be provided at a later date.]

CONCLUSION

With no further business pending, and upon motion duly made, the Administration and Finance Committee of the City-County Council was adjourned at 8:05 p.m.

Respectfully submitted,

Joanne Sanders, Chair
Administration and Finance Committee

JS/as

